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The Waterbury Framework – a Public Private Partnership

Proposer: Renaissance Waterbury – a to-be-formed single purpose entity
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The IDEA

- **What**

- Create a smart growth neighborhood by continuing to house state offices but with the introduction of a mix of new uses including office, residential, commercial, arts, civic functions, community gardens and other public and private facilities and uses.
- Better integrate the Waterbury Campus into the life of Main Street.
- Preserve and reuse historically significant buildings in a manner that is flood safe.
- Plan for development of new, flood safe buildings and infrastructure as the market warrants. Make operation of all buildings models of energy efficiency through use of appropriately scaled technologies including district-wide renewable energy.
- Design the building interiors to accommodate changes in technology and uses over time.
- And do it all in a way that minimizes the recovery and improvement costs that would otherwise have to be paid by Vermont taxpayers.

- **How**

- Create a public-private partnership among the State, the municipalities of Waterbury, and Renaissance Waterbury to prepare a feasibility assessment and then implement a development plan for the Waterbury Campus.
- The State has indicated that it is about to procure the services of a qualified design team to undertake the initial site and building assessments. *Before* going down that path, give Renaissance the opportunity to have input on that proposed scope of services so that it addresses market-based, mixed use concepts. Let Renaissance participate in the selection of the design team. And then, in close collaboration with the State, let Renaissance drive an intensive 60-90 day feasibility assessment process.
- Renaissance would direct market studies (of certain non-state office uses) and prepare detailed financial analyses during the feasibility period. Renaissance would prepare a synthesis of the feasibility assessment components – the Waterbury Framework. The Waterbury Framework will detail a path to implement an ambitious development plan and identify the financing tools that can create the most value for the State.

The WATERBURY FRAMEWORK

Summary

The Waterbury Framework will deliver the following outcomes for the State of Vermont, the Town and Village of Waterbury, residents, businesses and workers:

- A master plan for redevelopment of the Waterbury Campus capable of being implemented in the near term, that is flood-smart and market-driven.
- Preparation of needed development tools (such as budgets and schedules) based on realistic assessments and the experience of seasoned professionals. The proposed source of funds budget will identify multiple, complex financing tools available to implement the plan and provide fair value to the State as landowner.
- Implementation of the plan. The creation of a vibrant, multi-use campus, fully integrated into the greater Waterbury community. State offices, municipal facilities, private sector offices, cottage industry, arts, housing, education and hospitality uses would all operate in safe, highly efficient, attractive and functional spaces. The landscape would be revitalized to draw Main Street into the campus, highlight the historic architecture, provide safe passage for multiple modes of transportation, and enhance the quality of life for the people who work, live and play on campus. Historic buildings will be rehabilitated; appropriately designed new buildings may be constructed in subsequent phases.
- Job growth. An increased property tax base for Waterbury. A district-wide energy production system using appropriately scaled technologies and renewable resources.
- Savings for the Vermont taxpayer.

Rationale

The State has acted as a responsible steward of the Waterbury campus. Its action to quickly clean and stabilize the buildings subsequent to the damage inflicted by Irene preserves multiple options for reuse of the property. As a result, this underutilized asset can now be positioned to serve as an engine of growth and opportunity. The size and scale of that challenge requires a professional development team to work with the State to move forward in a comprehensive, expeditious and financially efficient manner. The insight and expertise of a proven development partner can ensure that variables are controlled, risks are mitigated and opportunities are seized.

Absent that professional development management, the State's record for directing and managing the redevelopment of its institutional properties has been mixed. Neither the Vergennes nor Brandon properties have at this time reached their potential. The redevelopment of the properties has not been to their highest and best use. Neither created much value for the State, and neither has yet created significant value for the municipalities in which they are located. One can argue about the reasons for this failure including challenges intrinsic to these unique properties. But the redevelopment of the Waterbury State Office Complex can and must have an entirely different result. It must create value for the State by successfully reintroducing high quality (and flood resistant) Vermont government offices to the campus and provide the state with fair value from the non-state uses introduced into the balance of the complex. It must help strengthen the Village of Waterbury by bringing the campus back to intensive use that leverages the unique attributes of the village and the surrounding region and provides for a market-driven redevelopment. Finally, it must be emblematic of all of the good that has emerged following the storm and the feats Vermonters are capable of when they pull together to solve a problem, whether it is how to help a neighbor of the wrong side of a lost culvert or to redevelop a 100 acre parcel with 700,000 sq. ft. of historic space served by water, sewer, VT Route 100, US 2, Interstate 89 and sitting midway between Stowe and Waitsfield; Burlington and Montpelier.

The Waterbury Framework would, at its core, be a multi-party venture managed by the principals of Renaissance, and directed by Renaissance, the municipalities of Waterbury, the State of Vermont, and other key constituents of Waterbury and central Vermont community. A successful redevelopment will require all of these partners working together supportively to successfully deliver on a broadly accepted plan.

Our preliminary analysis of the financial feasibility of developing the Campus along the broad outline envisioned to become the Waterbury Framework is positive. Although it is, by necessity at this juncture, based on a range of assumptions, those assumptions are rooted in direct, current, relevant experience. There is a chance to wed a great community development plan to a financially feasible structure that can produce a range of beneficial outcomes.

The Product – A Feasible Plan – The Waterbury Framework

Approximately 90 days after signing an MOU to proceed, and as early as March 1, 2012 if this approach is accepted, Renaissance will produce a redevelopment master plan that is financially feasible, endorsed by key stakeholders including but not limited to the Department of Buildings and General Services and the municipalities of Waterbury, and provides for the expedited but staged redevelopment of the campus.

The Waterbury Framework will synthesize the following critical components:

- Architectural and Engineering Assessments:
 - Hydrogeologic and building science assessments to determine a ‘flood safe’ approach to each existing building.
 - Historic preservation analyses to maximize design opportunities and leverage financial resources. Determination of what stays and what goes.
 - Civil engineering and coordinated landscape architecture. Preparation of a site plan including information on proposed demolition, new construction, altered and removed parking, utility alterations, flood mitigating elements, district energy production, additional renewable energy production proposals, pedestrian circulation, and community facilities.
 - Preliminary structural assessments of building types based on former and prospective uses.
 - Preliminary mechanical and electrical engineering analyses to determine appropriate systems and technologies to achieve high levels of operating efficiency.
 - Conceptual schematic plans for each building slated for redevelopment.
 - Preparation of a preliminary sustainability plan that will integrate and document the measures proposed to allow the campus to eliminate or mitigate negative environmental impacts.
 - Preliminary constructability review and cost estimates.
 - Preliminary code and permit reviews.
- Market Assessments:
 - Professional assessments of the market demand for office, light industrial, housing and hospitality uses.
 - Extended consultations with the municipalities of Waterbury to determine opportunities for locating one or more municipal facilities on the campus.
 - Focused outreach to the education and arts communities to determine opportunities for collaboration and co-location of facilities.

- Compatible Uses Assessment:
 - Develop a schedule of uses for each building based on:
 - The architectural and engineering assessments.
 - BGS' articulation of its office space needs comprising 35% +/- of the available commercial square footage.
 - The market demand assessments.
- Financial Assessment:
 - Identify and investigate a range of financing sources including New Market Tax Credits, Historic Rehabilitation Tax Credits, Renewable Energy Tax Credits, Housing Tax Credits, Tax Increment Financing and Bond Financing.
 - Prepare a full redevelopment budget and accompanying pro formas with proposed sources and uses of funds which shall include the specific financial terms under which the State will continue to occupy and control parts of the Campus and under which it shall divest of control of other parts of the Campus;
 - Obtain letters of interest from Vermont lenders and Vermont private and institutional investors who will participate in the financing of the redevelopment.
 - Address any other key endorsements required by the assumptions of the Framework.
- Legal Assessment:
 - Develop an ownership plan that makes clear what part of the property the State will continue to occupy, the terms of that occupancy, and the terms under which control or occupancy of other parts of the campus will pass from the State.
 - Ensure that the plan comports with the requirements of key financial structure assumptions.
- Schedule Assessment:
 - Prepare a detailed project development schedule integrating financing, design and plan development, permitting, and other critical project components on the path to construction.

Organization

Within 3 days of an expression of interest by the State, Renaissance will submit a draft memorandum of understanding to the State and Waterbury for their review. The proposed agreement will provide for:

- 1) the participation of the parties: the municipalities of Waterbury, the State of Vermont, and Renaissance;
- 2) the parties to fully participate at appropriate levels of authority in the scoping and development of the Framework;
- 3) the completion of the Framework within 90 days;
- 4) the goal of reaching a decision regarding whether to move forward under the Framework within 30 days of its completion;
- 5) the State to provide \$[*amount to be negotiated*] to support the work of developing the Framework;
- 6) Renaissance and the municipalities will together provide a documented cash or in-kind match for the State funds;
- 7) exclusivity for the period of the Framework development with all parties working diligently and in good faith to support the creation of the Framework under the principals agreed to;
- 8) the State to designate a representative with enough authority and access to decision makers that they will be able to make decisions in an efficient and expedited manner;
- 9) Renaissance to facilitate broad local and regional participation in Framework development which shall include but not be limited to: Revitalizing Waterbury, downtown businesses in Waterbury, Green Mountain Coffee Roasters, the Central Vermont Chamber of Commerce, the Central Vermont Regional Planning Commission, the Lamoille County Regional Planning Commission, the Mad River Valley Vermont Chamber of Commerce, and the Waterbury Tourism Council;
- 10) Shared ownership of the Framework and all related studies, but should any party decide not to support and move forward under the Framework it shall be owned by the State and Waterbury, jointly.

EXPERIENCE & PROFILE

Renaissance Waterbury would consist of three principals with a high level of expertise both in Vermont and in other parts of the country in commercial, residential and mixed use real estate development including project master planning and permitting, project oversight, structured financing, new construction, historic rehabilitation, downtown redevelopment, energy efficiency and green retrofits, and tax credit syndication. All have professional experience working in both the private and public sectors in Vermont.

The principals have extensive, direct experience implementing projects similar to that proposed for the Campus (see the examples highlighted below). Individually and as a team, they have time and again brought some of the toughest projects in Vermont to successful conclusion. They understand intimately the unique challenges posed by a project of this scale and profile. Working at the nexus of private and public sectors, the principals have earned the respect of lenders, investors, public officials, design professionals and builders for their honesty, creativity and ability to get difficult things done, on time and on budget.

Andrew Broderick

Mr. Broderick has worked to bring private equity to serve community purposes for over 20 years. Starting in 1990 as the founding Executive Director of the Brattleboro Area Community Land Trust, a nonprofit development company in Bellows Falls, Vermont, he went on to work between 1996 and 2009 as head of development than as President and CEO of Housing Vermont, a company that develops and finances affordable housing. While there, he founded the Green Mountain Housing Equity Funds, raising over \$150 million in private equity that was invested in some 2 million sq. ft. of affordable housing and community facilities. In 2009 and 2010, Andy served as Executive Managing Director of GreenSpace Developments, a New York City-based investment fund created to finance nonprofit-owned and LEED-certified office and program facilities. He is a principal in New Generation Partners, a Vermont renewable energy development company that works in partnership with tax-exempt organizations. Mr. Broderick joined Vancity, a \$15 Billion member-owned financial institution (www.Vancity.com) in Vancouver, BC, as Vice President of Community Investment in 2010. He has helped to direct Vancity's efforts to increase lending and investing in sectors that have positive social, environmental, and economic impacts on members' communities. He currently serves on the board of the Tsawwassen First Nation Economic Development Corporation in British Columbia. He has served on the Vermont Housing and Conservation Board, as President of the National Association of State and Local Equity Funds, and as chairman of the Affordable Housing Advisory Council of the Federal Home Loan Bank of Boston.

Selected Projects:

- Exner and Howard Blocks and Bellows Falls Scenic Waypoint Interpretive Center, Bellows Falls – redevelopment of historic, downtown fire damaged blocks into mixed retail, residential, and artist live/workspace and the new construction of public facility on village brownfield site. \$6.6 MM, financed by debt, equity (historic and housing tax credits), and federal grants.
- Waterfront Apartments, Burlington – construction of 40 mixed income residential units on Burlington’s Waterfront, first LEED-certified residential building completed in Vermont. \$7.2 MM, financed by debt, equity (housing tax credits), and grants.
- Richford Main Street Mill and Community Housing , Richford – selected demolition and redevelopment of Sweat Comings Mill Complex into retail, health center, and housing and the renovation of school and three other historic building into retail and residential uses. \$10.1 MM, financed by debt, equity (New Market Tax Credit, housing, and historic tax credit), and grants.
- Bemis Block Hardwick, Hardwick – reconstruction of fire damaged downtown block with combination of retail and residential units. \$3.6MM, financed by debt , equity (community, insurance proceeds, and housing and historic credits), and grants.
- Groton Downtown Redevelopment, Groton – the historic redevelopment of a significant section of the village of Groton including retail, housing, parking facilities, and library. \$4.8 MM, financed by debt, equity (housing and historic credits), and grants.
- Union Square (Armory Square), Windsor – the redesign and historic redevelopment of 58 unit residential property in downtown Windsor. \$17.5MM, financed by debt (tax exempt bonds), equity (historic and housing credits), and grants.

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Jeffrey Glassberg

Mr. Glassberg is the principal of Renaissance Development Company, a real estate development and project management firm based in Vergennes, Vermont. Jeff has more than 25 years of experience in construction and development, including commercial, residential and hospitality projects. His areas of focus include downtown redevelopment, historic preservation, mixed use, hospitality development, and tax credit syndication. The company provides complete project management services from initial project conception, to construction period administration, through to sale and lease-up. Mr. Glassberg is a former Vice President for Development of Housing Vermont, the country's pioneering statewide housing equity fund, and a former principal of Capital Ideas, Inc., a housing syndication firm that provided consulting services to lenders and developers throughout New England. In addition, he was a partner in the firm of Preservation Investments, Ltd., the developer of Officers' Row at Fort Ethan Allen in Colchester, Vermont and the Marble Works in Middlebury, Vermont. Mr. Glassberg is an honors graduate of the University of Vermont, and an Associate of the Vermont Leadership Institute at the Snelling Center for Government at the University of Vermont. Mr. Glassberg served as a director of the Addison Northwest Supervisory Union, the Vergennes Partnership, Habitat for Humanity of Addison County, the Vermont State Infrastructure Bank and the Vermont Community Loan Fund.

Selected projects:

- Middlebury South Village, Middlebury, Vermont – a mixed-use new neighborhood comprising 86 units of housing and 45,000 square feet of retail and office space located on 12 acres, adjacent to schools, shopping and recreation. Winner of a Smart Growth Award. Mr. Glassberg is the managing member of Middlebury South Village, LLC, the master developer. (see www.middleburysouthvillage.com). As developer, Mr. Glassberg recently completed construction of a new 17,000 s.f. green office building, leased to BGS for occupancy by departments of AHS. (Financed with equity, debt, parcel sales).
- Marble Works, Middlebury Vermont – master planning and redevelopment of 60,000 s.f. of commercial space in multiple historic buildings, new construction, and introduction of mixed uses on a 6 acre site in downtown Middlebury. What was once an under-utilized industrial area with fences to keep people out is now a thriving hub of commerce, industry and residents. It hosts the twice weekly farmer's market, as well as other public events, on its broad lawn, and is integrated into the downtown with a foot bridge over the Otter Creek constructed by Mr. Glassberg's firm. (Financed with debt, equity, historic tax credits.)

- Officer's Row, Colchester & Essex, Vermont – selected by VHFA as developer of 19 historic buildings along the parade ground at Fort Ethan Allen. Managed the acquisition, development and construction processes; successfully sold out 77 condominiums, many to first time homebuyers. Winner of an Honor Award from the National Trust for Historic Preservation. (Financed with equity, debt and grants).
- Stimson and Graves Building, Waterbury, Vermont - working in concert with Revitalizing Waterbury, Inc., the Waterbury Senior Center, and municipal officials, Mr. Glassberg led the effort to rehabilitate the iconic block on Stowe Street during his tenure at Housing Vermont. The one-time vacant building now houses commercial space, the Senior Center and apartments for seniors. (Financed with equity, historic tax credits, housing tax credits and grants.)
- Basin Block, Vergennes, Vermont – Mr. Glassberg formed and served as Managing Member of the Otter Creek Investment Fund, LLC, which acquired and rehabilitated a derelict building on Main Street that had cast a pall over downtown redevelopment efforts. Revived as a vibrant retail, office and service property, the property was the first to utilize downtown development incentives enacted by the legislature in the Downtown Program. The model of community-based syndication developed by Mr. Glassberg (almost 30 community residents invested their own money in the project) was then successfully used in other communities around the state. (Financed with equity, debt, historic and downtown tax credits).
- St. Regis-Deer Valley, Resort & Residences, Park City, Utah – a newly constructed 450,000 s.f., \$320MM multi unit hotel and residential development on the slopes of Deer Valley Ski Area. Mr. Glassberg serves as an owner's representative for Falcon Investors, LLC, with responsibility for general project coordination, as well as legal and financial matters. (see www.stregisdeervalley.com)
- Hampshire College, Amherst, Massachusetts - served as a planning and project management consultant for the College. Planned projects included Veridian Village – a 130 unit learning in residence community on the campus, as well as a mixed-use neighborhood adjacent to the main campus.

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Emily Wadhams

Ms. Wadhams is a historic preservation professional with over 30 years of experience in all aspects of the field from real estate development to public policy advocacy. Based in Burlington, Vermont, her consulting firm provides historic preservation services and specializes in endangered or difficult to develop properties. She is currently establishing a Historic Places Revolving Fund for the Preservation Trust of Vermont, which acquires options on endangered historic properties, primarily in downtowns, and finds new owners. Previously, Ms. Wadhams served for seven years as the Vice President for Public Policy at the National Trust for Historic Preservation, a national non-profit organization with its headquarters in Washington, DC. She was responsible for managing the organization's local, state and federal policy agenda and developed its new Sustainability Program, raising over \$3 Million in funding. As part of that effort she started the Preservation Green Lab in Seattle specializing in research to make the case for the reusing older buildings and reinvesting in existing communities. From 1998 through 2003 she served as the State Historic Preservation Officer for the State of Vermont, which housed the Vermont Downtown and Village Center Program. For many years she was a consultant to non-profit and for-profit affordable housing developers managing the development and rehabilitation of historic buildings, primarily in Vermont. Ms. Wadhams earned an M.S. degree in Historic Preservation from the University of Vermont. She currently serves on the Vermont Housing and Conservation Board and the Washington, DC-based Smart Growth America Board.

Selected projects:

- Started the National Trust's Preservation Green Lab and managed the research agenda including a building life cycle assessment project, a district energy policy primer and a nationally distributed weatherization guide for historic buildings.
- Led a national advocacy effort to create and introduce legislation to substantially revise the federal historic tax credit; worked with Congressional leadership on language in federal energy bills to support historic building retrofits.
- As State Historic Preservation Officer, created an award-winning national model between the US Department of Transportation and VTrans to streamline the historic preservation review process for all state transportation projects.

- Reviewed all HUD HOME and Lead Paint Program grants for impacts on historic buildings for the Vermont Housing and Conservation Board.
- Managed the redevelopment of Officers' Row at Fort Ethan Allen for the Vermont Housing Finance Agency
- Managed the construction of South Meadow, a 140 unit mixed-income new housing project for Coburn and Feeley Real Estate in Burlington; managed the redevelopment of the Historic Wells-Richardson Building in Burlington, Vt. and participated in getting historic tax credits for this and other Vermont properties.

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